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PART II—Section 2

प्राधिकार से प्रकाशित

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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।

Separate paging is given to this Part in order that it may be filed as a separate compilation

LOK SABHA

The following Bill was introduced in Lok Sabha on the 23rd November, 1977:—

BILL No. 132 OF 1977

A Bill to amend the Indian Iron and Steel Company (Acquisition of Shares) Act, 1976.

BE it enacted by Parliament in the Twenty-eighth Year of the Republic of India as follows:—

1. (1) This Act may be called the Indian Iron and Steel Company Short title and (Acquisition of Shares) Amendment Act, 1977. commencement.

(2) It shall be deemed to have come into force on the 13th day of October, 1977.

2. In section 2 of the Indian Iron and Steel Company (Acquisition of Shares) Act, 1976 (hereinafter referred to as the principal Act), for clause (h), the following clause shall be substituted, namely:— Amend- ment of sec- tion 2.

‘(h) “shareholder” means,—

(i) a person who, immediately before the appointed day, was registered by the Company as the holder of any share and includes his legal representative; or

(ii) a person who, before the appointed day, had lodged with the Company a proper instrument of transfer of any share in the form prescribed under section 108 of the Companies Act, 1956, and executed in accordance with the provisions of that section; or

(ii) a person who claims under a proper instrument of transfer of any share in the form prescribed under section 108 of the Companies Act, 1956, which was executed before the appointed day and delivers such instrument to the Commissioner on or before such date as the Central Government may, by notification, specify in this behalf;'. 1 of 1956

Amend-
ment of
section 7.

3. In section 7 of the principal Act, in sub-section (1),—

(i) in the opening paragraph, for the words "within thirty days from the specified date", the words, figures and letters "on or before the 30th day of November, 1977" shall be substituted and shall be deemed always to have been substituted;

(ii) for the proviso, the following proviso shall be substituted and shall be deemed always to have been substituted, namely:—

"Provided that if the Commissioner is satisfied that the claimant was prevented by sufficient cause from preferring the claim before the said date, he may entertain the claim within a further period of thirty days from that date and not thereafter."

Insertion
of new
sections
7A and
7B.

4. After section 7 of the principal Act, the following sections shall be inserted, namely:—

Power of
Commis-
sioner to
inquire
into dis-
putes as
to
persons
entitled
to any
amount.

"7A. Where there is any dispute as to the person or persons who are entitled to any amount payable under this Act (including any dispute as to who are the legal representatives of any deceased claimant to the amount), the Commissioner may, after making such inquiry as he may deem fit, make the payment to such person as appears to him to be best entitled to receive the amount:

Provided that if the Commissioner is unable to determine as to who is the person entitled to the amount and considers that the matter could more appropriately be dealt with by the principal civil court of original jurisdiction within the local limits of whose jurisdiction the registered office of the Company is situated, he may refer such dispute to the said court, whose decision thereon shall be final:

Provided further that nothing contained herein shall affect the liability of any person, who may receive the whole or any part of the amount allowed under this Act, to pay the same to the person lawfully entitled thereto.

Deposit of
amount in
court.

7B. Where any dispute has been referred under section 7A by the Commissioner to the civil court referred to therein, he shall deposit the amount in that court."

Repeal
and
saving.

5 (1) The Indian Iron and Steel Company (Acquisition of Shares) Amendment Ordinance, 1977, is hereby repealed.

15 of 1977

(2) Notwithstanding such repeal, anything done or any action taken under the Ordinance so repealed shall be deemed to have been done or taken under the corresponding provisions of this Act.

STATEMENT OF OBJECTS AND REASONS

Under the Indian Iron and Steel Company (Acquisition of Shares) Act, 1976, with effect from the 17th July, 1976, Government acquired the shares of the Indian Iron and Steel Company Limited, held by parties other than the State Governments and public sector institutions, in order to enable the Government to make the necessary additional investment in that Company to make it a viable unit.

2. According to the definition of the term "shareholder" in the Act, the amount due in respect of shares was payable only to those persons who immediately before the appointed day (17th July, 1976) were registered by the Indian Iron and Steel Company as the holders of any shares. Representations had been received that on the basis of the existing definition, the amount would not be payable to persons who are holding the shares as on the appointed day on the basis of legal transactions, if they were not registered as the shareholders in the books of the Company as on that date. As the shares of the Company were listed on the Stock Exchanges, transfer of these shares from one party to another was taking place frequently and these transfers could not be registered in the Company's books before the appointed day, nor was it necessary that such transfer should be registered immediately after the transfer. In order to avoid hardship to genuine holders of the shares, it is proposed that the definition of the term "shareholder" should be suitably enlarged so as to include the following categories also:—

- (i) persons who, immediately before the appointed day, were registered by the Company as the holder of any share and their legal representatives;
- (ii) persons who had acquired a share of the Company and had lodged the instrument of transfer with the Company before the appointed day; and
- (iii) any other person claiming in pursuance of a document duly executed before the appointed day, in the form prescribed for the purpose, under the Companies Act, 1956, and lodged with the Commissioner of Payments on or before such date as the Central Government, may, by notification, specify in this behalf.

3. The other proposals connected with the above relate to empowering of the Commissioner to inquire into disputes as to the persons entitled to any amount due (which would also enable the Commissioner to refer the matter in certain cases, where he is himself unable to decide that question, to the principal civil court of original jurisdiction within the local limits of whose jurisdiction the registered office of the Company is situated) and the making of a provision for the deposit of the amount in court where the dispute has been referred to by the Commissioner to a

civil court. Provision has also been made to safeguard the interests of a person lawfully entitled to receive the amount by providing that the liability of any person who has received the same would still continue as against the person lawfully entitled to receive it.

4. An Ordinance to give effect to the above objects was promulgated by the President on the 13th day of October, 1977.

5. The Bill seeks to replace that Ordinance.

NEW DELHI;

The 8th November, 1977.

BIJU PATNAIK.

PRESIDENT'S RECOMMENDATION UNDER ARTICLE 117 OF THE
CONSTITUTION OF INDIA

[Copy of letter No. 8(97)/77-K.J/1948, dated the 11th November, 1977 from Shri Biju Patnaik, Minister of Steel and Mines to the Secretary, Lok Sabha.]

The President, having been informed of the subject matter of the Bill for amendment of Indian Iron and Steel Company (Acquisition of Shares) Act, 1976, has recommended under article 117(1) and (3) of the Constitution, the introduction in and consideration by Lok Sabha of the said Bill.

FINANCIAL MEMORANDUM

According to the definition of the term "Shareholder" in the Indian Iron and Steel Company (Acquisition of Shares) Act, 1976, the amount due in respect of shares was payable only to those persons whose shares were acquired by Government on 17-7-1976 and who were registered on that date in the books of Indian Iron and Steel Company as the holders of such shares. The amount would not, therefore, be payable to persons who were not registered as such even though they had acquired the shares as on 17-7-1976, legally. The Bill seeks to provide for the amendment of the definition of the term "Shareholder" in the Act to provide that the following categories of persons are also paid the amount, namely:—

(i) legal representatives of shareholders as defined in the existing Act;

(ii) a person who had acquired shares of the company and had lodged the instrument of transfer with the company before 17-7-1976; and

(iii) a person who claims under a proper instrument of transfer of any share in the prescribed form and executed before 17-7-1976 and lodged with the Commissioner of Payments on or before such date as the Central Government may by notification specify in this behalf.

2. The amount at the rates stipulated in the Act, namely, at the rate of Rs. 4.70 for each equity share of the face value of Rs. 10 and at the rate of Rs. 32.75 for each preference share of the face value of Rs. 100 would, therefore, be payable to all those persons who held the shares of IISCO in a lawful manner as on 17-7-1976 and whose shares were acquired

3. The total amount paid to the Commissioner of Payments for disbursement to the shareholders whose shares were acquired was determined with reference to the total number of shares acquired by Government and not with reference to whether they were actually registered as shareholders in the Books of the company as on 17-7-1976. There would, therefore, be no further outgo of expenditure from the Consolidated Fund of India as a result of the proposed amendment

4. However, but for the enlargement of the definition of the expression "shareholder" by the proposed amending legislation, the undisbursed amount lying with the Commissioner, would normally have gone back to the Government and, to this extent, this could technically be deemed to be a loss to the Government.

*Memorandum explaining the modifications contained in the Bill to
replace the Indian Iron and Steel Company (Acquisition of Shares)
Amendment Ordinance, 1977*

Apart from changes of a formal drafting nature, references in new sections 7A and 7B (*vide* clause 4 of the Bill) to compensation have been changed into references to amount payable under the Act to conform to the language of section 10 of the Act.

AVTAR SINGH RIKHY,
Secretary.